

April 22, 2005

ROBERT EDELMAN
29871 232ND AVE SE
BLACK DIAMOND WA 98010

Subject: Complaint filed against SEIU State Council – PDC Case #05-097

Dear Mr. Edelman:

The Public Disclosure Commission (PDC) staff has completed its investigation of your complaint received October 11, 2004 alleging that the SEIU State Council is a political committee, and as such, violated RCW 42.17.080 and .090 by failing to disclose the sources of its contributions and other income, and by failing to disclose its expenditures.

PDC staff reviewed your complaint in light of the following statutes:

RCW 42.17.080 and .090 require political committees to file timely, accurate reports of contributions and expenditures. Reports of monetary contributions must include details concerning individual contributors.

You alleged that the SEIU State Council and its political committee, Service Employees Council PAC, are the same entity because each reports with the Internal Revenue Service (IRS) under the same Employer Identification Number (EIN). Based on this allegation, you further alleged that the SEIU State Council violated RCW 42.17.080 and .090 by failing to disclose the sources of all of its contributions and other income, and by failing to disclose all of its expenditures.

We found that:

- The SEIU State Council, a labor organization, formed a Separate Segregated Fund (SSF) in 2000. It registered the SSF with the IRS as a Section 527 political organization and with the PDC as a political committee (Service Employees Council PAC).
- When the SEIU State Council established its SSF and registered it with the IRS, it mistakenly used the EIN already assigned to the labor organization, leading to the erroneous conclusion that the SEIU State Council and its SSF (the Service Employees Council PAC) were the same entity and that all contributions and expenditures of both entities are reportable to the PDC.

- The SEIU State Council and the SEIU State Council SSF now report with the IRS under separate Employer Identification Numbers. The SEIU State Council is currently classified with the IRS as an Internal Revenue Code Section 501(c)(5) labor organization, and the SSF is classified as an Internal Revenue Code Section 527 political organization.
- The SEIU State Council SSF reports its activities to the PDC as the Service Employees Council PAC.

No evidence was provided that the SEIU State Council, a labor organization, engaged in activities that should have been reported to the PDC as a political committee. It is a separate entity from its Separate Segregated Fund that reports to the IRS and the PDC.

After a careful review of the alleged violations and relevant facts, we have concluded our investigation and, with the concurrence of the Chair of the Public Disclosure Commission, I am dismissing your complaint against the SEIU State Council.

If you have questions, please feel free to contact Phil Stutzman, Director of Compliance, at (360) 664-8853 or toll free at 1-877-601-2828.

Sincerely,

Vicki Rippie
Executive Director

c: James Oswald
Adair Dammann, Executive Director, SEIU Washington State Council